97-84056-10

U.S. Interstate Commerce Commission

Texas midland railroad

Philadelphia

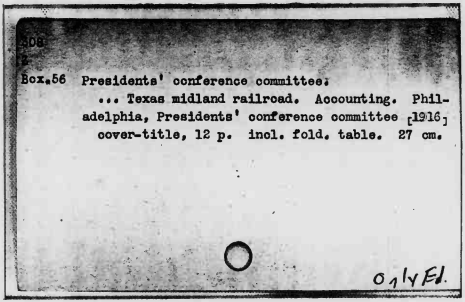
[1916]

97-84056-10
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 14:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 3-27-97 INITIALS: MS

TRACKING # : MSH 21325

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Printed by General Secretary for
Committees' Use, But Not Published
7 5 1916

TEXAS MIDLAND RAILROAD

ACCOUNTING

OFFICE OF
GENERAL SECRETARY
PRESIDENTS' CONFERENCE COMMITTEE
PHILADELPHIA, PA.

ACCOUNTING REPORT UPON THE TEXAS MIDLAND RAILROAD.

Introductory.

Previous to 1891 the Texas Central Railway Company had constructed a line of railroad from Garrett to Roberts, both in the State of Texas. This line was 52.06 miles in length, was not connected with the main line of the Texas Central, and was commonly known as the "Northeastern Branch."

In 1891 the property of the Texas Central Railway Company, including this branch, was sold at foreclosure sale to a committee acting for the bondholders of that company. Mrs. Hetty R. Green, who owned a considerable number of these bonds, subsequently to the sale made an arrangement with the other bondholders by which her bonds were to be exchanged for the Northeastern Branch. The Texas Midland Railroad was organized by her for the purpose of taking over, extending and operating this 52 miles of railroad which she thus acquired.

The conveyance of this property was finally made by the bondholders' committee directly to the Texas Midland Railroad at the request of Mrs. Green. She has furnished the money for the subsequent development of the property and is still its owner.

Corporate History.

The Texas Midland Railroad, that being the full name, is a corporation of Texas, with its principal office at Terrell in that State, and was incorporated December 16, 1892. In February, 1893, it began the operation of its railroad, although the formal conveyance of the Northeastern Branch does not seem to have been perfected until the following May. Since February, 1893, this corporation has continued to operate the Texas Midland Railroad. No other corporations are involved in the history of this property.

Construction.

The Texas Midland Railroad at once proceeded to improve and extend its railway, and in the course of these operations constructed three pieces of railroad.

1. The southern terminus of the Northeastern Branch had formerly been at Garrett, but Ennis was now made the southern terminus, and a piece of railroad 4.619 miles in length was built from Ennis to Midland Junction, 1.93 miles north of Garrett. In 1896 the old line from Midland Junction to Garrett was abandoned.

2. From Roberts, originally the northern terminus of the Northeastern Branch, the road was extended to Greenville, a distance of 18.766 miles.

3. A new line was constructed from Commerce to Paris, 37.629 miles in length.

The first two of these extensions were opened for business in 1894; the last about October 1, 1896. The distance from Greenville to Commerce is approximately fourteen miles, and the Texas Midland Railroad uses between these points under a trackage arrangement the line of the St. Louis Southwestern Railway Company of Texas, thereby obtaining a through operating line from Paris upon the north to Ennis upon the south about 125 miles long.

At Ennis the passenger station of the Houston & Texas Central Railway Company and about 6000 feet of track, and at Paris the passenger station of the Paris & Great Northern Railroad and about 2000 feet of track, are used by the Texas Midland Railroad under agreements with the owners.

Capitalization.

On January 27, 1893, the purchasing trustees executed a deed of the Northeastern Branch to the Texas Midland Railroad which was recorded on April 4, 1893, and was delivered to the Texas Midland Railroad on May 23, 1893, at the request of Mrs. Green. On the same date the Texas Midland Railroad voted to issue to Mrs. Green $500,000 of its paid-up capital stock and $750,000 of its 5 per cent. bonds.

The company also issued to Mrs. Green $150,000 of 5 per cent. betterment bonds which were secured by a first mortgage upon the property, and Mrs. Green upon her part paid to the company $75,000 in cash. As a result of these transactions the capitalization of the company stood as follows:

May 23, 1893, 5000 shares capital stock, par value	$500,000.00
July 27, 1893, first mortgage 5 per cent. betterment bonds, par value	150,000.00
July 27, 1893, second mortgage 5 per cent. purchase money bonds, par value	750,000.00
Total	$1,400,000.00

The laws of Texas then provided and still provide that a railway company shall not issue stocks and bonds in excess of the value of its property as determined by the Railway Commission of that State. In 1895 the Texas Commission valued the property of the Texas Midland Company then in existence, and in 1901 it valued the additions to that property which had been made subsequently to its first valuation and at the same time readjusted the value of its equipment. The total value as thus established slightly exceeded $2,112,000.

Thereupon in 1908 the capitalization of the Texas Midland Railroad was recast. Of the 5000 shares of capital stock outstanding 3880 were canceled, leaving 1120 shares outstanding. All of the original $900,000 of bonds were retired and new mortgage bonds bearing interest first at the rate of 4½ per cent., but subsequently at the rate of 4 per cent., were issued to the amount of $2,000,000. This left the capitalization of that company as follows:

Capital stock, par value	$112,000.00
Mortgage indebtedness, 4 per cent., par value	2,000,000.00
Total	$2,112,000.00

The foregoing has ever since continued to be and now is the capitalization of the company.

It will be subsequently noted that the money for the development of this property was furnished by Mrs. Green for the most part under the name of the Texas Midland Construction Company. At the time of the recasting of the capitalization as above, and apparently as a part of that transaction, the indebtedness of the Texas Midland Railroad to the Texas Midland Construction Company was canceled except for the amount of $500,000, which is still outstanding and which constitutes a deferred liability in that amount and is really a part of the capitalization of the company.

Amounts Realized from the Sale of Securities.

The entire first issue of stocks and bonds as given above, aggregating $1,400,000, was delivered to Mrs. Green, who in consideration therefor conveyed the Northeastern Branch to the Texas Midland Railroad and paid to it $75,000 in cash.

The value of this 52 miles of railroad is not known. No record has been found which gives the amount expended in its construction.

Neither do we know how much this property cost Mrs. Green. She was the owner of 750 bonds of the par value of $1000 each out of a total issue of 3999 bonds against the Texas Central. Her pro rata share of the amount received from the foreclosure sale less the expenses of said sale and certain necessary payments was $113,527.50. She surrendered her 750 bonds and paid the purchasing trustees for the bondholders $75,000 in cash for the Northeastern Branch.

As a part of this arrangement Mrs. Green received a conveyance of certain lands not belonging to the Northeastern Branch and assumed certain contingent liabilities. It cannot be determined whether the net result of these collateral transactions was in favor of or against Mrs. Green, but they were insignificant in amount and may be disregarded.

There is nothing to show what Mrs. Green paid for her 750 bonds, nor when she paid it, nor what, if anything, she had previously received on account of said bonds.

If it be assumed that the price at which the property of the Texas Central Railroad Company sold under foreclosure was the real value of the property itself and that the bargain between Mrs. Green and her fellow bondholders was a fair one, then Mrs. Green paid for her $1,400,000 of securities $188,527.50 in property and $75,000 in cash. In fact there seems to be no reason for assuming that the above amount did represent either the actual cost or the actual value of the property transferred by Mrs. Green to the Texas Midland Railroad, and it can only be affirmed that she paid for these securities a rather poor railroad 52 miles long and $75,000 in money.

As already stated, the Texas Midland Railroad improved that portion of its railroad which it received from Mrs. Green and also constructed three pieces of new line. The money with which these expenditures were made was furnished by Mrs. Green, mostly in the name of the Texas Midland Construction Company, but partly through the Chemical National Bank of New York City. The total advances made by her in the name of the Construction Company previous to August, 1898, were $1,658,762.90, but of this $116,481.81 had been returned in cash and materials, leaving a net advance through that company of $1,542,281.09. The advances made through the Chemical National Bank were $88,168.43.

When the capitalization was recast in 1908 the stock which was canceled and the old bonds which were retired were delivered by Mrs. Green to the company, which, in turn, delivered to her the $2,000,000 of new 4 per cent. bonds. No evidence exists of any agreement or arrangement between Mrs. Green and the company with respect to this transaction except the entries upon the books of the Texas Midland Railroad itself. From them it would appear that the $2,000,000 in bonds was used to retire the $388,000 of capital stock, the $900,000 of old bonds to extinguish the debt of $88,168.43 due Mrs. Green for advances through the Chemical National Bank, to pay upon the debt due the Texas Midland Construction Company $264,061.38, and to adjust $359,770.19 of interest due bondholders. This would leave due the Texas Midland Construction Company $1,278,219.71, of which $778,219.71 appears to have been canceled, leaving an indebtedness of $500,000 to that company or Mrs. Green.

In this adjustment no interest whatever was reckoned upon the advances of the Texas Midland Construction Company or the Chemical National Bank.

In 1899 Mrs. Green paid $88,681.17 for 100 box cars which were delivered to the Texas Midland Railroad. It would appear, therefore, that the total cash payments into the treasury of this company in consideration of its stocks and bonds have been:

Account first mortgage bonds	$75,000.00
Through the Texas Midland Construction Company	1,542,281.09
Through the Chemical National Bank	88,168.43
On account of box cars	88,681.17
Total	$1,794,130.69

The company never has paid any dividends upon its capital stock, nor has any interest ever been paid upon the $500,000 left due on account of advances by the Construction Company in the adjustment of 1908. It has paid interest upon its bonds aggregating in all $334,596.26.

Gross and Net Earnings.

The Texas Midland Railroad opened its books and began to transact business on February 26, 1893. From that date to and including June 30, 1914, its gross earnings from operation and its operating expenses were:

Gross earnings	$9,939,298.00
Operating expenses	8,539,431.88
Leaving net earnings	$1,399,866.92
During the same period taxes assessed against the Texas Midland aggregated	274,367.20
Leaving a net income of	$1,125,499.72
To this should be added income from non-operating sources of	1,504.22
Making gross income for the period	$1,127,003.94
During this period the Texas Midland paid rents and balance for hire of equipment	353,936.95
Leaving for the payment of interest and dividends during this period	$773,066.99

The detail from which the above statement is summarized appears in Table B, which is attached to this report. An attempt was made to rewrite the books of the Texas Midland from their inception down to June 30, 1914, in accordance with the present accounting rules of the Commission, as will be more fully explained in treating of original cost. The figures which appear in Table B are those obtained by the accountants of the Commission through this process of revision and are not the figures which stand upon the books of the carrier.

The Texas Midland Railroad received, as subsequently appears in more detail, certain donations of money and of operative lands which had been purchased on its account with money donated and which are treated as equivalent to the money paid for them, aggregating $65,197.46.

The foregoing sums, viz., the amounts paid in by Mrs. Green, the donations, and the net corporate income, are apparently all that this company had received from its inception down to June 30, 1914, with which to construct its property and to pay interest and dividends. It did pay in interest, as already noted, the sum of $334,596.26, the balance being used in the construction and development of the property. The construction account would therefore be broadly stated as follows:

Cash from Mrs. Green	$1,794,130.69
Net income from operation	773,066.99
Donations	65,197.46
Total	$2,632,395.14
Less interest paid	334,596.26

The above figure is only approximately correct and it does not include expenditures upon the Northeastern Branch previous to its conveyance to the Texas Midland Railroad.

Original Cost to Date—Road and Equipment.

The original cost to date of this property cannot be ascertained. The investment in road and equipment as stated in the records of the Texas Midland Railroad at June 30, 1914, amounted to $2,748,171.46, but this sum includes $1,250,000 in securities issued to Mrs. Green in consideration of the transfer of the Northeastern Branch of the Texas Midland Railroad and the payment to that company of $75,000 in cash. This piece of railroad was constructed by the Texas Central Railroad Company, and no records whatever could be found showing its cost to construct.

It became evident that the investment account of this carrier had not been correctly kept, and an attempt was made to restate that account in accordance with the accounting rules of the Commission now in force. For this purpose the entire books of the Texas Midland Railroad were in effect rewritten, every voucher being examined and reassigned as far as possible. The investment in road and equipment as determined by the accountants in this analysis, treating the purchase price of the 52.06 miles of road at the par value of the securities issued, amounted on June 30, 1914, to $3,474,490.91, a net increase over the carrier's showing of $726,319.45. This difference is composed of items shown in Table A appended to this report.

While the work of rewriting the accounts of this carrier as above was enormous, the result was in no way satisfactory and cannot be accepted with any confidence. It was frequently impossible to determine whether the expenditure covered by a particular voucher was devoted to operation or paid for a betterment to the property. Again, while it was usually possible to identify additions to the property, and while the cost of such additions has been added to the investment account, it was not possible to determine to the same extent retirements, nor to determine the amount to be deducted from the investment account on account of such retirements. For example, nothing has been deducted on account of the 1.93 miles of road between Midland Junction and Garrett which was abandoned in 1906.

It is certain, however, that this carrier expended in excess of $2,000,000 in rehabilitating the 52 miles purchased, constructing about 60 miles of new extensions, including subsequent additions and betterments to its entire line, and for equipment.

It was found possible to show original cost to date of equipment in a fairly satisfactory way. Here the unit can be identified and can be followed from the time it is purchased until the time it is retired. It is possible in all cases to show the original cost of engines and cars at the time of purchase either by single units or in comparatively small groups. Much of this equipment was purchased many years ago, and considerable must have been added to it in the way of betterments. It was not found possible to allocate either to individual units or to groups or even to general classes of equipment all expenditures for these improvements, nor is it possible to make any satisfactory estimate of the improvements as to which expenditures were not allocated. So far as determinable from the records of the company, the original cost to date of the equipment of the Texas Midland Railroad now on hand is given below by classes:

Steam locomotives	19	$186,547.84
Freight train cars	246	165,771.55
Passenger train cars, including motor equipment	18	116,595.45
Work equipment	55	59,959.75
Total	338	$528,874.59

Box car No. 1894 (galvanized sides and roof), included in freight train cars reproduction cost, is not included in original cost, as it could not be ascertained whether this car had been built at the company's shops and the cost thereof charged to operating expenses, or whether it had been donated; no record of the cost of the car could be found in the accounts.

It should be carefully noted that the above figures do not purport to be original cost to date, but simply the original purchase price plus such other items of cost incurred at that time as appeared upon the books of the carrier, together with such expenditures for improvements as could be allocated. The original cost to date of this equipment would exceed the above amount, but by how much it is impossible to state.

Aids, Gifts, Grants, and Donations.

The following is a summary of the cash, land, and other values donated to the Texas Midland Railroad:

Cash subsidies by citizens of five communities	$19,981.46
Right-of-way lands donated	43,103.75
Non-transportation lands donated	5,670.00
Equipment donated by Texas Midland Construction Company	88,681.17
Interest due bondholders canceled	121,249.96
Money advances by Texas Midland Construction Company, obligations to repay canceled	778,219.71
Donations by individuals and companies account spur tracks	1,130.30
Other donations	981.95
Total Aids, Gifts, Grants, or Donations	$1,059,018.30

Cash Subsidies.

Five communities along the line of the Texas Midland Railroad, as an inducement to the carrier to extend and construct its line to and through those communities, volunteered not only to secure the right of way for the carrier but also to contribute certain sums in cash. The sums which it was agreed would be contributed were not in all cases received, the amounts actually contributed being as follows:

Citizens of Ennis, Texas	$5,963.25
Citizens of Greenville, Texas	3,000.00
Citizens of Paris, Texas	5,000.00
Citizens of Cooper, Texas	5,018.21
Citizens of Commerce, Texas	1,000.00
Total	$19,981.46

Right-of-Way Lands.

In addition to the cash subsidies which the foregoing communities agreed to contribute to the carrier, they also obligated themselves to secure lands for right of way and other purposes for the carrier, through the counties in which those communities were located, free of all cost to the carrier. Deeds enumerating a cost of $47,773.75 were found in evidence for which no record of payment could be located in the accounts of the carrier. There appears to have been donated a lot at Cooper, Texas, valued at $1000, which was given in lieu of a portion of the cash to be subscribed by that community. While no deed could be located, the sum has been added to the cost of other donated lands, making a total of $48,773.75, apportioned as follows:

Right-of-way lands	$13,103.75
Non-transportation lands	5,670.00
Total	$48,773.75

Equipment.

One hundred box cars were purchased for the Texas Midland Railroad Company and paid for by the Texas Midland Construction Company. The cost of this equipment was $86,500, less 1 per cent., and an additional sum of $3046.17 for air brakes, or a total of $88,681.17, which is treated as a donation.

Interest Due Bondholders Canceled.

Vouchers aggregating $37,500, covering interest during 1904 and 1905, were receipted by the payee, Mrs. Green, and returned to the carrier; no money, however, was paid in this transaction. Interest coupons from July 1, 1908, to August 1, 1909, amounting to $83,749.96, were surrendered and canceled without payment, the result being that the company had returned to it $121,249.96 in interest which is also treated herein as a donation.

Money Advances by Texas Midland Construction Company.

This company advanced money to and for account of the railroad to the extent of $1,658,762.90. Of the sums advanced $500,000 is still due, $116,481.81 was liquidated by cash and material payments, $264,061.38 was paid by an equal amount of first mortgage bonds in 1908, and the remainder, $778,219.71, was canceled in August, 1908. It does not appear that these advances were evidenced by notes or other forms of certificates of indebtedness, and the cancellation of this amount is recorded only in the accounting adjustment of the item.

Donations Account of Spur Tracks.

There was contributed by individuals and companies the sum of $1130.30 to reimburse the railroad for expenditures made by it in the construction of side and spur tracks; the property so constructed, it is understood, is owned by the carrier.

Other Donations.

Two checks, aggregating $981.95, were issued by the Texas Midland Construction Company, one to cover $250 personal expenses of E. H. R. Green in the purchase of rail, the other for $731.95 for freight on slack coal for burning ballast.

Expenditure of Moneys and the Purposes for Which Expended.

The foregoing portions of this report and the tables hereto attached show the receipts and expenditures of the Texas Midland Railroad in as great detail as seems necessary, and no further statement in this respect need therefore be made.

Materials and Supplies.

An inventory of the materials and supplies of the railroad company was taken by the accountants jointly with the representatives of the carrier, as of June 30, 1914. The prices applied were obtained from invoices rendered the carrier in the purchase of its materials and supplies, and from cost data compiled by the accountants in their analysis of the carrier's records; the representatives of the carrier also co-operated in this feature of the work. The result of the inventory was to show an increase in the material accounts of nearly $14,000, and although the carrier was possessed of a copy of the inventory since July 17th, no reconciliation was made by it of the material account and the unadjusted book record has been used in the general balance-sheet statement. A distribution of the book record and inventory follows:

Account.	Book Record.	Inventory.
Fuel	$1,383.94	$1,869.59
General Store	6,216.22	6,495.84
Cross-ties	15,033.70	13,073.92
Shop	39,496.18	58,284.52
Roadway	20,813.20	17,133.32
Total	$82,943.24	$96,857.19

In stating the value of materials and supplies on hand no allowance whatever has been made for depreciation. In all cases of new property the cost figure is applied. In cases of second-hand property an attempt was made to apply a fair second-hand price, but there was comparatively little of such property.

Attached to this report are four tables as follows:

Table A showing differences in original cost to date—road and equipment.

Table B showing gross and net income of the Texas Midland Railroad as restated by the accountants of the Commission.

Table C showing Profit and Loss (Deficit).

Table D, a comparative balance sheet at June 30, 1914, as appearing upon the books of the carrier and as restated by the accountants.

DIFFERENCES IN ORIGINAL COST TO DATE—ROAD AND EQUIPMENT.

TABLE A.

Additions to Investment in Road and Equipment.

Additions and betterments charged by the carrier to its operating expenses		$184,505.55
Additions and betterments charged by the carrier to its income account		453,591.92
Additions and betterments charged by the carrier to a suspense account		27,245.99
Contribution of amount due for interest on funded debt used by the carrier in rebuilding Terrell shops destroyed by fire, and erroneously credited to the investment account		37,500.00
Arbitrary credit of its investment account for alleged depreciation made by the carrier in adjusting its security issues		152,727.53
Arbitrary adjustment of its investment account made by the carrier to an amount equal to the outstanding securities		32,280.05
		$887,851.04

From which deduct:

The amount representing expenditures for property not devoted to transportation purposes transferred to account Miscellaneous Physical Property	$410.00	
Lot donated to the carrier and not used for transportation purposes, but included in its investment account, transferred to account Miscellaneous Physical Property	1,000.00	
Other donated property included in its investment account transferred to donated road and equipment	481.79	
Payments made by various industries for construction of side-track facilities transferred to donated road and equipment	1,130.30	
Discount on First Mortgage Betterment Bonds charged to profit and loss unamortized discount on funded debt	75,000.00	
Amount erroneously included in investment account transferred to Operating Expenses	51,349.64	
Credit erroneously placed to revenue, should be credited to investment account	90.50	
Items erroneously included in investment account transferred to Profit and Loss	32,069.36	
		161,531.59
NET ADDITION TO INVESTMENT ACCOUNT		$726,319.45

TEXAS MIDLAND RAILROAD

Income Account

As restated by the Accountants of the Commission

TABLE B.

Fiscal Year Ending June 30	Freight Revenue	Passenger Revenue	Mail Revenue	Express Revenue	All Other Railway Operating Revenues	Total Railway Operating Revenues	Maintenance of Way and Structures	Maintenance of Equipment	Traffic Expenses	Transportation Expenses	General Expenses	Total Railway Operating Expenses	Net Revenue or Deficit # from Railway Operations	Ratio of Railway Operating Expenses to Railway Operating Revenues
1893	$7,164.27	$3,097.80		$508.93	$76.25	$10,847.25	$573.41	$641.67		$4,882.33	$4,912.05	$11,009.46	# $162.21	101.50%
1894	45,050.91	10,866.97	$3,006.95	1,500.00	226.79	60,651.62	20,548.02	9,083.45		22,696.73	13,030.64	65,358.84	# 4,707.22	107.76%
1895	165,422.83	23,060.41	2,375.67	2,654.03	64.16	193,577.10	56,750.69	20,526.18		68,850.77	43,173.62	189,301.26	4,275.84	97.79%
1896	108,612.77	27,202.20	2,823.86	3,120.00	117.69	141,876.52	57,125.34	23,954.09		61,384.84	15,637.54	158,101.81	# 16,225.29	111.44%
1897	238,118.30	48,209.72	3,037.43	5,425.13	282.80	295,073.38	60,123.99	43,426.55		126,061.79	20,298.94	249,911.27	45,162.11	84.69%
1898	356,818.41	71,027.12	4,573.15	6,234.96	591.01	439,244.65	94,512.44	44,622.91		178,552.32	22,887.45	340,575.12	98,669.53	77.54%
1899	376,018.49	78,210.67	10,554.17	6,955.27	500.16	472,238.76	120,546.01	50,252.00		183,576.07	30,689.80	385,063.88	87,174.88	81.54%
1900	327,345.20	85,591.04	10,555.09	10,505.91	1,324.71	435,321.95	145,698.97	42,821.53		190,518.07	28,551.06	407,589.63	27,732.32	93.63%
1901	484,382.90	121,121.06	10,555.09	13,416.66	2,197.28	631,672.99	142,247.03	83,377.40		197,595.91	40,344.84	463,565.18	168,107.81	73.39%
1902	374,308.97	132,519.61	10,555.09	16,185.55	2,245.38	535,814.60	148,523.32	67,339.26		179,744.84	53,202.85	448,810.27	87,004.33	83.76%
1903	356,351.86	119,001.54	9,875.52	12,511.26	4,284.15	502,024.33	135,697.61	60,973.56		180,527.91	65,413.30	442,612.38	59,411.95	88.17%
1904	300,852.07	110,004.47	9,876.48	11,631.36	24,354.34	456,718.72	142,383.33	59,631.83		193,216.57	40,429.22	435,660.96	21,057.76	95.39%
1905	374,406.53	122,901.34	9,854.52	11,772.47	11,356.25	530,291.31	124,905.68	71,937.51		195,766.80	65,095.06	457,705.05	72,586.26	86.31%
1906	274,215.60	108,513.74	9,872.53	12,845.47	17,942.35	423,389.69	89,991.11	56,658.26		171,189.72	39,087.42	356,926.51	66,463.18	84.30%
1907	353,244.51	113,483.25	10,744.54	13,099.39	31,245.20	521,816.89	94,066.16	75,761.81		230,187.59	42,276.61	442,292.17	79,524.72	84.76%
1908	266,463.92	105,389.77	10,735.50	12,023.30	11,984.53	406,597.02	96,319.70	112,393.88	$15,083.22	197,141.83	35,020.14	455,958.77	# 49,361.75	112.16%
1909	360,515.32	106,567.35	10,538.42	12,751.31	19,541.67	509,914.57	121,005.59	90,900.55	15,506.38	167,080.79	35,721.82	430,215.13	79,699.44	84.37%
1910	397,136.38	119,602.66	10,734.22	14,688.47	17,815.66	559,977.39	116,593.71	99,853.73	16,814.12	203,854.62	44,777.96	481,894.14	78,083.25	86.06%
1911	427,056.02	139,226.34	9,872.78	8,666.53	19,057.21	603,878.88	149,768.52	91,963.05	19,618.33	254,847.03	34,300.81	550,497.74	53,381.14	91.16%
1912	489,676.84	141,719.29	9,872.52	10,383.44	21,814.67	673,466.76	128,824.09	129,129.86	19,311.45	241,114.90	32,266.56	550,646.86	122,819.90	81.76%
1913	580,584.42	185,304.02	9,872.52	10,470.08	21,472.53	807,703.57	143,006.19	114,187.80	20,172.83	307,609.86	38,382.71	623,359.39	184,344.18	77.17%
1914	468,310.34	214,899.93	10,293.34	11,990.94	21,706.30	727,200.85	137,386.82	95,172.04	21,758.44	300,146.12	37,912.64	592,376.06	134,824.79	81.46%
TOTAL	$7,132,056.86	$2,187,521.00	$180,179.39	$209,340.46	$230,201.09	$9,939,298.80	$2,326,597.73	$1,144,608.92	$128,264.77	$3,856,547.41	$783,413.05	$8,539,431.88	$1,399,866.92	85.92%

Fiscal Year Ending June 30	Railway Tax Accruals	Total Operating Income or Deficit #	Miscellaneous Rents and Other Non-Operating Income	Total Non-Operating Income	Gross Income or Loss #	Hire of Equipment Debit Balance	Joint Facility Rents	Interest on Funded Debt	Interest on Unfunded Debt	Total Deductions from Gross Income	Net Income or Loss #
1893		# $162.21			# $162.21						# $162.21
1894	$2,245.23	# 6,952.45			# 6,952.45			$41,866.45		$41,866.45	# 48,818.90
1895	2,669.27	1,606.57			1,606.57			45,000.00		45,000.00	# 43,393.43
1896	4,870.60	# 21,095.89	$228.80	$228.80	# 20,867.09			45,000.00		45,000.00	# 65,867.08
1897	5,685.82	39,476.29	221.55	221.55	39,697.84			45,000.00		45,000.00	# 5,302.16
1898	10,690.89	87,978.64	168.35	168.35	88,146.99			45,000.00		45,000.00	43,146.99
1899	11,809.41	75,365.47	8.00	8.00	75,373.47			45,000.00		45,000.00	30,373.47
1900	13,957.44	13,774.88			13,774.88			45,000.00	$75.68	45,075.68	# 31,300.80
1901	13,785.35	154,322.46			154,322.46			45,000.00	136.80	45,136.80	109,185.66
1902	14,467.26	72,537.07	444.63	444.63	72,981.70			45,000.00		45,000.00	27,981.70
1903	12,873.64	46,538.31	395.69	395.69	46,934.00			45,000.00		45,000.00	1,934.00
1904	13,555.32	7,502.44			7,502.44			45,000.00		45,000.00	37,497.56
1905	13,835.08	58,751.18			58,751.18			45,000.00		45,000.00	13,751.18
1906	16,500.00	49,963.18			49,963.18			45,000.00		45,000.00	4,963.18
1907	13,200.00	66,324.72			66,324.72			45,000.00		45,000.00	21,324.72
1908	15,168.32	# 64,530.07			# 64,530.07	$5,839.69	$9,480.71	45,000.00		60,320.40	# 124,850.47
1909	15,162.51	64,536.93			64,536.93	15,318.07	12,993.62	77,083.26	861.80	106,256.75	# 41,719.82
1910	15,830.31	62,252.94			62,252.94	27,666.60	17,422.41	80,000.08		125,089.09	# 62,836.15
1911	16,092.71	37,288.43			37,288.43	38,917.72	16,847.07	79,999.92	279.17	136,043.88	# 98,755.45
1912	19,150.14	103,669.76			103,669.76	41,947.80	16,715.19	80,000.00	663.89	139,326.88	# 35,657.12
1913	18,934.12	165,410.06	28.62	28.62	165,438.68	49,547.12	20,499.09	80,000.00	387.68	150,433.89	15,004.79
1914	23,883.78	110,941.01	8.58	8.58	110,949.59	58,586.11	22,155.75	80,000.00	752.77	161,494.63	# 50,545.04
TOTAL	$274,367.20	$1,125,499.72	$1,504.22	$1,504.22	$1,127,003.94	$237,823.11	$116,113.84	$1,148,949.71	$3,157.79	$1,506,044.45	# $379,040.51

NOTE.—Items preceded by character # are deficits or losses.

TABLE C.

PROFIT AND LOSS (DEFICIT).

The net deficit in the Profit and Loss account, February 26, 1893, to June 30, 1914, as established by the accountants, is arrived at as follows:

Charges.

Deficiency of income for the period named charged to Profit and Loss account	$379,040.51
Miscellaneous items, such as cost of retired property, uncollectable bills, surveys of line not constructed, operating deficit of demonstration farm, and $24,000, representing the unamortized portion of the $75,000 discount on first mortgage betterment bonds	67,846.74
Total	$446,887.25

Credits.

Cost of Physical Property donated		$139,567.17	
Existing property:			
Transportation	$123,255.42		
Non-transportation	5,670.00		
	$128,925.42		
Cost of donated equipment retired prior to June 30, 1914.	10,641.75		
Cash donated by citizens of communities		19,981.46	
Interest on funded debt waived by bondholders		121,249.96	
Indebtedness due the Texas Midland Construction Company canceled		778,219.71	
TOTAL DONATIONS			1,059,018.30
Miscellaneous Credits			4,312.31
Profit and Loss—Surplus			$616,443.36

Less

Appropriations for additions and betterments	$665,252.96
Profit and Loss—Deficit	48,809.60

TABLE D.

COMPARATIVE GENERAL BALANCE SHEET AT JUNE 30, 1914.

ASSETS.

Property Investment.	Carrier's Record	Adjusted by Accountant.
Investment in Road and Equipment	$2,748,171.46	$2,413,018.41
Par value of securities issued to Mrs. E. H. R. Green in excess of cash investment in 52.06 miles formerly Texas Central Railway		1,061,472.50
Donated Road and Equipment		123,255.42
Miscellaneous Physical Property		810.00
Donated Miscellaneous Physical Property		5,670.00
TOTAL	$2,748,171.46	$3,604,226.33
Current Assets.		
Cash	$13,908.16	$13,908.16
Net balance receivable from agents and conductors	4,324.03	4,324.03
Miscellaneous Accounts receivable	16,395.34	16,395.34
Materials and Supplies	82,943.24	83,123.74
TOTAL	$117,570.77	$117,751.27
Unadjusted Debits.		
Preliminary survey, Greenville Commerce Line	$444.25	$444.25
Freight Claim Account	2,800.29	2,800.29
Paid claims unadjusted	9,668.98	9,668.98
Unamortized discount on funded debt		51,000.00
TOTAL	$12,913.52	$63,913.52
Total Assets	$2,878,655.75	$3,785,891.12

COMPARATIVE GENERAL BALANCE SHEET AT JUNE 30, 1914.

LIABILITIES.

Stock.	Carrier's Record.	Adjusted by Accountant.
Capital Stock	$112,000.00	$112,000.00
Long Term Debt.		
Funded Debt unmatured	$2,000,000.00	$2,000,000.00
Current Liabilities.		
Loans and bills payable	$20,000.00	$20,000.00
Traffic and car services balances payable	18,526.69	18,526.69
Audited accounts and wages payable:		
Accounts payable	55,742.07	55,742.07
Pay check account	25,231.03	25,231.03
Agent's drafts	1,584.13	1,584.13
Interest matured, unpaid	300,000.00	300,000.00
Unmatured interest accrued	33,333.30	33,333.30
TOTAL	$454,417.22	$454,417.22
Deferred Liabilities.		
Hospital fund	$682.97	$682.97
Due Texas Midland Construction Company	500,000.00	500,000.00
TOTAL	$500,682.97	$500,682.97
Unadjusted Credits.		
Accrued depreciation equipment	$105,168.91	$99,303.04
Other unadjusted credits	38,849.06	3,044.53
TOTAL	$144,017.97	$102,347.57
Corporate Surplus.		
Additions to property through income		$665,252.96
Profit and Loss (Deficit)	332,462.41	48,809.60
Total Liabilities	$2,878,655.75	$3,785,891.12

MS11 21385

END OF
TITLE